

Prime Value Enhanced Income Fund

Monthly Update – September 2024

- The Fund performed well in September 2024 with a return of 1.15% after-fees. This return is well above the Fund's benchmark return. For the past 12 months, the return was 5.57% after-fees (*excluding* franking credits) and 5.88% after-fees (*including* franking credits). These returns are also well above the Fund's benchmark return.
- In early October 2024, the Fund distributed \$0.01 per unit to investors for the September quarter 2024.
- Markets in September remained stable, supported by the US Fed's 0.50% rate cut. However, there are several market, economic and geopolitical factors that may increase market volatility in coming months. We will therefore continue to manage the Fund conservatively to ensure it meets its key objectives of capital preservation and quarterly distributions.

	Net Return*	Net Return including Franking Credits**	Benchmark Return - 90 Day Bank Bill Rate (BBSW)
Since inception (p.a.)	2.77%	3.18%	1.93%
5 Years (p.a.)	1.87%	2.08%	1.87%
3 Years (p.a.)	2.52%	2.70%	2.96%
1 year	5.57%	5.88%	4.39%
6 Months	2.97%	3.13%	2.22%
3 Months	2.91%	2.91%	1.12%
1 month	1.15%	1.15%	0.37%

* Performance figures have been calculated in accordance with Financial Services Council (FSC) standards. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance. Net returns are calculated after management fees.

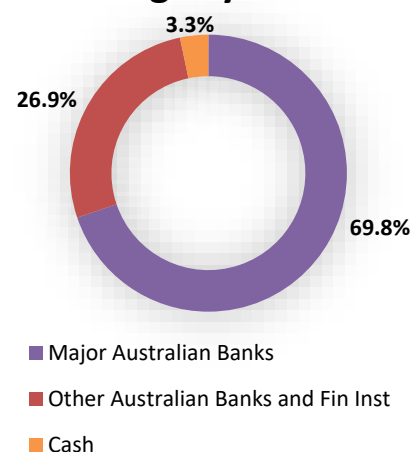
**Returns grossed up for Franking Credits are estimates.

Major Holdings	Sector	Category
NAB	Banks	Unlisted Wholesale Securities
Westpac	Banks	Unlisted Wholesale Securities
CBA	Banks	Unlisted Wholesale Securities
ANZ	Banks	Unlisted Wholesale Securities
Australian Unity	Financial Institution	ASX Listed Notes

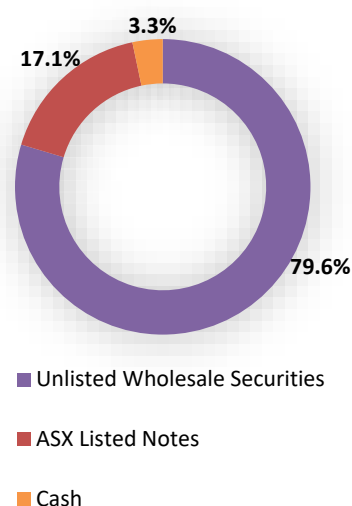
Feature	Fund Facts
Responsible Entity	Prime Value Asset Management Ltd (ABN 23 080 376 110; AFSL 222 055)
Investment Objective	To provide regular income with low risk of capital loss in the medium term (the Fund's unit price will vary with market factors and other factors affecting the prices of securities in the investment portfolio). The Fund targets a return to investors of the Benchmark Return. The return will vary over time depending on the market and economic outlook
Target Market	The Fund is for investors seeking a regular return above the 90-day BBSW rate from a diverse portfolio of investments with an emphasis on capital preservation.
Benchmark Return	90-day BBSW rate
Inception Date	3 June 2014
Interest Rate Reset Duration	Approx. 0.3 years
Distributions	Quarterly
Suggested Investment Period	1 + year
Minimum Investment	\$50,000
Indirect Cost Ratio (ICR)	0.60% p.a. ¹
Issue price	\$1.0002
Withdrawal Price	\$0.9998
Distribution (30/09/2024)	\$0.01

¹Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC

Holdings by Sector



Holdings by Category



Fund review and strategy

The Fund performed well in September 2024 with a return of 1.15% after-fees. For the past 12 months, the return was 5.57% after-fees (*excluding* franking credits) and 5.88% after-fees (*including* franking credits). These returns are well above the Fund's benchmark returns. In early October 2024, the Fund distributed \$0.01 per unit to investors for the September quarter 2024. This is the 41st consecutive distribution since the Fund was inception in June 2014. Past performance is not a reliable indicator of future performance.

Markets globally were stable in September 2024, supported by the 0.50% rate cut by the US Fed with the market expecting another 1.50% or so of rate cuts through 2025. Also, in September 2024, China unveiled a quite significant stimulus package which included lowering a key policy rate and fiscal stimulus measures. Along with the Fed, the central banks of the European Union, the UK, Sweden, Switzerland, Canada and NZ have all cut rates recently. Given the size of these economies, these rate cuts are supporting investment markets globally as seen in several equity markets trading at or near all-time highs in September (e.g. the S&P500 in the US, and the S&P/ASX200 in Australia), and the low level of credit spreads and strong volume of issuance in global bond markets (indicating low credit risk). The property market is seen as the market most affected by the move higher in interest rates since 2022, although the effects vary quite markedly between different sectors of the property market.

Debate continues in the market, political circles and the media as to when the RBA will cut the official cash rate. The market believes there will be 1% of rate cuts in 2025 beginning in February, taking the RBA cash rate from the current rate of 4.35% to 3.45%. Several western developed countries have begun lowering official policy rates, however the timing in Australia is still unclear with the RBA maintaining a "tightening bias". Historically, central banks of western-developed countries have tended to move monetary policy settings broadly together although the timing and magnitude of rate moves can vary quite significantly.

The monthly CPI for August released by the ABS in September rose only 2.7% over the previous 12 months and is now within the RBA's target band for inflation of 2-3%. This does not mean the RBA will cut the official cash rate any time soon for two reasons, *firstly*, the monthly CPI is considered less reliable as a gauge of inflation compared to the quarterly CPI due to data sampling differences, and the quarterly CPI particularly the RBA's preferred measure the "trimmed mean" inflation rate which strips out volatile items still remains in the high-3% area; and *secondly*, the strength of the labour market. By maintaining its "tightening bias" without actually hiking the cash rate (the last hike was in November 2023), the RBA is being sensitive to business and individuals with debt and the broad economy. The "tightening bias" sends a strong message to governments, unions and business to both dampen spending and wage, rent and price increases.

The Fund's key risk is a major setback in the Australian economy. This is not forecast by the Federal Treasury, the RBA, or the IMF who all forecast the economy to pick up in 2025-2026 supported by the rate cuts in western developed countries and stimulus measures in China. However, there are many factors at work, and so we remain alert to market and economic developments in Australia and globally. Our efforts are directed at risk-managing the Fund's portfolio to meet its objectives of capital stability and ongoing quarterly distributions. We do not select assets based on views about interest rates, the market or the economy although these factors are taken into consideration.

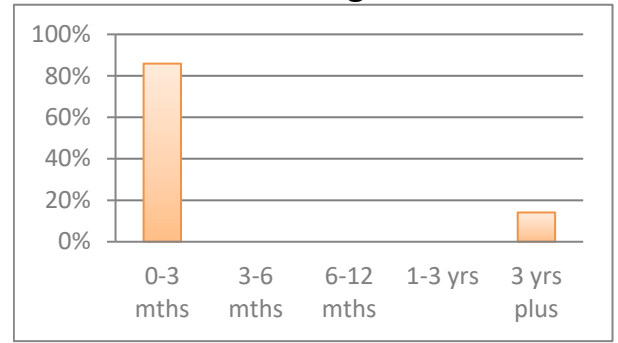
The conflict in the Middle East, the Russia/Ukraine conflict, and the US Presidential election each had more of an impact on markets in September than previous months. We remain alert to developments as these situations are fluid.

Given the various uncertainties, we will continue to invest the Fund's portfolio mainly in floating (variable) rate securities which benefit from the high interest rates, and in 'AA-' rated securities issued by the major Australian banks and 'AAA' rated securities - these securities have very low credit risk, strong liquidity, and an attractive yield. This strategy is allowing the Fund to continue to perform well and meet its objectives of capital preservation and quarterly distributions.

If you have any questions, please do not hesitate to arrange a call through your Investor Relations contact.

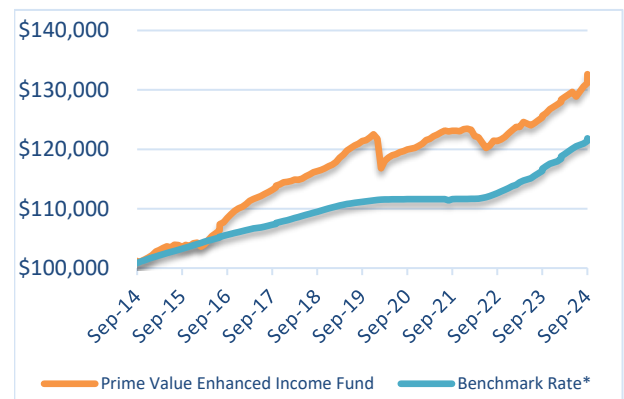
The information contained in this Fund Update is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Fund must obtain and read the PDS dated 31 July 2024 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor's investment.

Interest Rate Reset Management



The Fund's portfolio weighted average interest rate reset duration is approximately 3 months. The vast majority of securities in the Fund's portfolio have interest rates that reset every quarter, and therefore benefit from the higher interest rates in the market.

Fund Performance Since Inception



This graph shows how \$100,000 invested at the Fund's inception has increased to \$132,640 (net of fees). This compares with the Fund's benchmark return, where a \$100,000 investment would have increased to \$121,840 over the same period.

*The Benchmark Return was calculated by reference to the RBA Official Cash Rate until December 2020 and thereafter by reference to the 90-day BBSW rate

Performance figures have been calculated in accordance with the FSC standards. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance. Net returns are calculated after management fees.

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